



150 State Street, Suite 301 Albany, New York 12207-1698 Telephone (518) 449-2707 Fax (518) 455-8908 Web [www.nyahsa.org](http://www.nyahsa.org)

## MEMORANDUM

**TO:** RHCF and Community Services Members

**FROM:** Patrick Cucinelli, Senior Financial Policy Analyst

**DATE:** May 5, 2008

**SUBJECT:** **Cash Flow Update**

**ROUTE TO:** Administrator, CFO

---

ABSTRACT: DOH updates NYAHS on status of outstanding Medicaid cash flow issues.

### Introduction

Ongoing updates on Medicaid cash flow issues have appeared in recent NYAHS news flashes, *Fiscal Digest* and [NYAHS Doc. ID #n00002225](#). In addition, members should reference NYAHS's latest update on the new Medicaid reimbursement system ([NYAHS Doc. ID #n00002358](#)) for current information on: 1.) federal approval of the state plan amendment (SPA) and the Medicare upper payment limit (UPL) calculation, and 2.) the conversion from RUG-II to RUG-III as the state's patient classification system for nursing home rate-setting.

NYAHS continues to strongly advocate with the Governor's Office, Division of the Budget (DOB) and Department of Health (DOH) on expediting the release of critical Medicaid funding streams for members. DOH has just provided NYAHS with an update on the following cash flow concerns:

1. Disadvantaged Facility Funding (DF);
2. Home Care Recruitment and Retention (R&R);
3. Nursing Home R&R;
4. Public Facility Grant Payments;
5. Cost Report Certifications; and
6. Appeals processing.

## **Disadvantaged Facility Funding**

2006 DF funding has been released to non-public nursing homes. [NYAHSA Doc. ID #n00002225](#) referenced above provides members with details on how this money was distributed. NYAHSA expects that DOH will follow the same process in releasing the 2007 DF funding.

According to DOH, the 2007 funding is currently under review by DOB and approval is expected shortly. This means that these additional DF monies could be released within the next two months.

For the time being, DOH is only making DF payments to non-public facilities, and holding back the funds that would otherwise be distributed to qualifying public facilities. DF monies for publicly-sponsored nursing homes are still in question, pending a resolution of the UPL test for both 2006 and 2007. As public facility members are aware, the UPL issue is also responsible for the unavailability of any intergovernmental transfer (IGT) payments for both of these years. Without room in the UPL, DOH would be unable to increase Medicaid payments to the public nursing homes. NYAHSA has been playing a key role in developing a revised methodology for calculating the UPL. Please note that this is the same UPL issue which is critical to obtaining federal approval of the transition payments under the reformed Medicaid reimbursement system. NYAHSA and our Joint Association Task Force partners have developed an alternative UPL methodology which we are confident will resolve all of the UPL-related concerns.

## **Home Care Recruitment and Retention**

Home care agencies are still awaiting the release of the next round of R&R funding, which includes the new Recruitment, Training and Retention funding. The funding includes \$100 million approved for each year under the state budgets for 2007-08 and 2008-09. While these funding streams were approved by the state Legislature, DOH is still waiting for federal SPA approval before releasing any of the monies.

The SPA authorizing release of the home care R&R funding is currently under review by the federal Centers for Medicare and Medicaid Services (CMS). DOH reports that they have responded to all of CMS's requests for additional information and the home care R&R should be released once CMS approval is received.

## **Nursing Home Recruitment and Retention**

[NYAHSA Doc. ID #n00002225](#) advised members that CMS has approved the next round of nursing home R&R payments retroactive to July 1, 2007 through March 31, 2008. The payments will reflect the current phase down of the program as mandated in the state fiscal year (SFY) 2007-08 final budget. The R&R phase out is occurring over three years beginning in 2007, as follows: (1) from \$132 million in calendar year (CY) 2006 to \$110 million in CY 2007; (2) to \$54.3 million in CY 2008; and (3) to \$11 million in CY 2009. The retroactive payments will also reflect the revised methodology which allocates payment to non-public facilities based on a

50 percent blend of 1999 salaries and 2005 Medicaid revenues. DOH is expecting DOB sign off on the funding any time now, with payments to facilities still expected sometime in June.

Although the retroactive payments are subject to the phase-down schedule noted above, the state's 2008-09 budget restores \$15 million in state funding to the current SFY R&R. This will result in \$1.9 million of additional funding to public nursing homes and \$26.2 million for non-public nursing homes. NYAHSAs have confirmed with DOH that ongoing R&R payments after April 1, 2008 to non-public facilities are subject to yet another federal approval process. Therefore, once the retroactive monies are paid out, the R&R add-on will once again drop out of the rates, pending receipt of federal approval.

- **R&R Attestation Notice**

When the R&R funding was first implemented in 2002, facilities wishing to receive these monies were required to sign a certification statement attesting that such funds will be used solely for the purpose of recruitment and retention of non-supervisory workers at health care facilities or any worker with direct patient care responsibility. DOH advised NYAHSAs that there were approximately 125 facilities for which they did not have a certification on file. DOH has sent out notices to the facilities in question and to date all but approximately 20 have responded by submitting the necessary certification. DOH has asked NYAHSAs to advise any of our affected members who have not done so to respond as soon as possible if they received such a notice from DOH.

### **Public Facility Grant Payments**

DOH confirmed that they were behind in issuing the December 2007 and March 2008 quarterly public facility grant payments for SFY 2007-08 (i.e., April 1, 2007 through March 31, 2008). DOH has just released the second half of the SFY 2007-08 grant payments, including both the December and March quarterly payments.

### **Cost Report Certifications**

For the 2007 cost reports, DOH has implemented for the first time electronic certifications for both the owner/administrator and the auditor. DOH is aware that there is some concern and confusion over the new certification forms.

DOH reports that they have issued clarifications on the new certifications on the [Health Provider Network \(HPN\)](#). One major concern raised by the accounting profession is that there have been recent changes to the certification language, but the auditors are unable to review the actual certification language in advance of signing off on the cost report. Auditors have also raised the concern as to how the HPN system will track the certification back to the correct facility in the case of an auditor who is certifying cost reports for more than one facility.

Concern has also been raised over the fact that the new electronic submission now requires that individuals signing off on both the owner/administrator and the auditor certifications must have their own individual HPN accounts. According to the April 7, 2008 *Dear Administrator* letter: "To certify the Cost Report electronically, the facility's CPA and the appropriate signatory of the

nursing facility as required in Part 86-2 .6 must have an HPN account. The Nursing Facilities HPN Coordinator can provide HPN access to appropriate individuals.”

DOH is aware of these concerns and has assured NYAHSA that the systems are in place to allow for the smooth processing of the certifications. In cases where an individual has to quickly sign up for a new HPN account, DOH has also assured NYAHSA that this process can be accomplished fairly quickly.

As the June 7, 2008 Medicaid cost report deadline quickly approaches, NYAHSA is asking members to be aware of the concerns being raised and to advise us on any problems encountered. We will quickly share these concerns with DOH, who has assured us that they will address any such problems.

### **Appeals Processing**

[NYAHSA Doc. ID# N00001483](#) provides nursing home members with details on the revised Medicaid rate appeals process instituted with the November 2007 release of the 2008 initial rates. Under what DOH is referring to as the new “expedited rate review”, they are currently processing 1,497 appeals from 368 facilities. In an effort to streamline the process, they are in some cases dispensing with the issuing of rate appeal numbers. They hope to have the expedited appeal process completed by sometime in June. Impacted facilities will still be receiving detailed results of the appeal reviews.

### **Conclusion**

NYAHSA continues to monitor these important cash flow issues and advocate with DOH and other state policymakers on behalf of our nursing home and home care members. Please contact me with any concerns at [pcucinelli@nyahsa.org](mailto:pcucinelli@nyahsa.org) or call 518-449-2707 ext. 145.